## W. T. GRANT COMPANY CAnnual Report

1934

# W. T. GRANT COMPANY <br> (A Delaware Corporation) 

## ANNUAL REPORT

## 1934 FISCAL YEAR

Which Ended January 31, 1935

To be submitted to the Annual Meeting of Stockholders to be held at 1441 Broadway. New York, N. Y., on April 2. 1935.

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## BOARD OF DIRECTORS

## William T. Grant, Chairman

John G. Byler
R. A. Cunningham

Howland S. Davis
Fred H. Edgecomb
Clayton E. Freeman

Karl D. Gardner
John M. Hancock
James L. O'Neill
Benjamin A. Rowe
William B. Warner

## OFFICERS

William T. Grant . . . . . . Chairman of the Board
Benjamin A. Rowe. . . . . . President
Fred H. Edgecomb . . . . . Vice-President
Karl D. Gardner . . . . . . Vice-President
Alfred N. Derouin. . . . . . Vice-President
Richard W. Story . . . . . . Vice-President and Secretary
John G. Byler . . . . . . Vice-President and Treasurer

## Transfer Agent

Guaranty Trust Company
of New York

## Registrar

Bankers Trust Company
New York, N. Y.



# W. T. GRANT COMPANY <br> Department Stores <br> Fourteen Forty-One Broadway <br> Now York 

## To the Stockholders:

During the past year sales of your company exceeded sales of any previous year. Net earnings were lower than in the previous year due to a lower margin of gross profit and increases in expenses, that were in a considerable degree not subject to control of the management.

Expansion was moderate, and with earnings in excess of the $\$ 1$. dividend paid during the year, the company's financial position continued strong.

## SALES

Sales for the year were $\$ 85,069,612$, an increase of $\$ 6,863,493$ or $8.7 \%$ increase over the preceding year. An analysis of this increase in sales appears below:-

|  | Fiscal Year | Fiscal Year | Change |
| :---: | :---: | :---: | :---: |
|  | 1934 | 1933 |  |
| Sales for 446 stores open during entire year 1933. | \$82,616,630 | \$76,716,948 | 7.69\% increas |
| Sales for 11 new stores opened during 1933 | 2,053,651 | 1,489,171 |  |
| Sales for 8 new stores opened during 1934 | 399,331 | - |  |
| TOTAL SALES | \$85,069,612 | \$78,206, 119 | 8.78\% increase |

With the increase in sales that took place last year, sales in identical stores were almost at the level of 1931 .

Generally, agricultural communities showed the greatest improvement, with the industrial towns, particularly in the northeast, recovering only moderately.


## NET EARNINGS

Net earnings for the 1934 fiscal year were $\$ 2,616,202$, which is equal to $\$ 2.18$ per share of capital stock outstanding. In the previous year earnings were $\$ 3,347,175$ or $\$ 2.80$ per share.

In 1933, rapid increases in commodity prices resulted in a gross margin of profit higher than ordinarily. In 1934, prices of most textile lines carried by the company were steady or falling with the result that the profit margin declined, and gross profit did not increase in proportion to sales. Expenses increased as a result of the additional volume handled and because the NRA payroll requirements were in effect over the entire year. A decline in profit compared with 1933 resulted.

The company has now completed a full year operating under NRA payrolls and the effect on operations can be determined. Sales payroll in 1934 was $52.8 \%$ higher than in 1932 although sales volume increased only $16.4 \%$.

The NRA has limited management's control of payroll in relation to sales, and as rents and other major items of expense are also relatively fixed, increased profits will result primarily through increased volume of sales.

During the year $\$ 616,139$ was charged for depreciation of fixtures, $\$ 462,421$ was charged for amortization of alterations and improvements and $\$ 74,620$ was charged for depreciation on buildings, a total depreciation of $\$ 1,153,180$.

The constant increase in taxes of all types is a serious burden, to which all corporations have been subjected during the past five or six years. In 1929 taxes paid by your company were approximately $\$ 1,000,000$. Last year a total of $\$ 1,882,042$ taxes were paid directly by the company. This does not include processing taxes and other such taxes paid by the manufacturers of our merchandise, and therefore included in its cost, nor does it include real estate taxes on our store properties leased on a gross rental where our landlord pays the tax out of the rent received.

Members of legislatures in a number of states have introduced bills levying taxes discriminatory against chain stores. We believe the great majority of American people want the honest merchandise at low prices as sold by chain stores and do not want to discourage the development of companies which hold down the cost of living. While discriminatory taxes now in effect are not yet an appreciable burden, our customers and stockholders, manufacturers and landlords, as well as the management and employes of this company should actively oppose such legislation.

## FINANCIAL CONDITION

At January 31, 1935 the balance sheet showed current assets of $\$ 18,009,733$ as compared with current liabilities of $\$ 2,440,157$. The excess of current assets over current liabilities was $\$ 15,569,576$, an increase in working capital of $\$ 1,584,719$ during the year. Cash was $\$ 7,364,070$. The increase of $\$ 1,412,135$ in merchandise inventories was in anticipation of greater sales volume in the early Spring.

## NEW STORES

At the end of the year the company was operating 465 stores, eight of which were opened during 1934. These new stores and dates of opening are:

June 16, 1934-Florence, S.C.
Sept. 1, 1934-Great Neck, N.Y.
Sept. 22, 1934—Winthrop, Mass.
Sept. 29, 1934-Huntington Park, Cal.

Oct. 27, 1934-Barberton, Ohio
Nov. 24, 1934-Orlando, Florida.
Nov. 26, 1934-Santa Barbara, Cal.
Dec. 7, 1934-San Jose, Cal.

During the year, stores at Philadelphia, Pa., Hempstead, Brooklyn, Buffalo, Huntington and Hudson Falls, N. Y., Hudson, Mass., Brunswick, Me., and St. Paul, Minn. were enlarged, and several additional stores were completely remodelled. The appearance of the stores is more attractive than at any previous time.

In the eight new stores opened in 1934 the company had the following capitalized investment at the year end:


During the year, store properties under lease at Lincoln, Nebraska and Wichita Falls, Texas were purchased and property owned at Schenectady, New York, was sold.

Among the stores now under lease to be opened in 1935 is our first store in downtown Chicago, on State Street. This store alone should equal in sales volume, the combined eight stores opened in 1934. Several additional locations are under consideration for new stores.

With the number of unemployed in the country a matter of daily comment, it is interesting to note that our payrolls last October included 18,000 people, of whom more than 17,500 were men and women in our stores-approximately twice the number at a corresponding period in 1929.

Each of our stores is an integral part of the community it serves-a local institution just as much as the other stores in that city. Sales last year were $\$ 85,069,612$. This money did not accumulate. It was paid out in a steady stream for merchandise, payrolls, taxes, rents, freight-a constant stimulus to industry and business all over this country.

WILLIAM T. GRANT, Chairman.
B. A. ROWE, President.

## CERTIFICATE OF AUDITORS

March 11, 1935
To the Board of Directors and Stockholders, W. T. Grant Company,

New York, N. Y.
We have made an examination of the Consolidated Balance Sheet of W. T. Grant Company (a Delaware Corporation); its subsidiary companies, W. T. Grant Company (a Massachusetts Corporation); and W. T. Grant Realty Corporation (a New York Corporation) as at January 31, 1935, and of the statement of Consolidated Income and Surplus for the fiscal year ended at that date. In connection therewith, we examined or tested accounting records of the Companies and other supporting evidence; we also made a general review of the accounting methods and of the operating and income accounts for the year, but we did not make a detailed audit of the transactions.

Cash on deposit was confirmed. Merchandise inventories as taken and certified by the management, valued at not in excess of cost or market, whichever is lower, were tested by us as to pricing and computations. The Massachusetts Corporation was guarantor of a note issued to a bank by Trustees of an Employees' Stock Purchase Fund, secured by 1,425 shares of the capital stock of the Delaware Corporation, the unpaid balance of which note amounted to $\$ 22,012.22$ at January 31. 1935. Unused balances of Import Letters of Credit issued to the Massachusetts Corporation amounted to $\$ 277,846.05$ at that date.

In our opinion, based on our examination and information submitted to us, the annexed Consolidated Balance Sheet and the related Consolidated Income and Surplus Accounts fairly present, in accordance with accepted principles of accounting consistently maintained by the companies during the year under review, their consolidated financial position at January 31, 1935, and the consolidated results of their operations for the fiscal year then ended.

# W. T. GRANT COMPANY 

(A Delaware Corporation)
AND SUBSIDIARY COMPANIES

## CONSOLIDATED INCOME ACCOUNT

For the Fiscal Year Ended January 31, 1935


## CONSOLIDATED SURPLUS ACCOUNT

## For the Fiscal Year Ended January 31, 1935

```
BALANCE-January 31, }193
    $17,146,091.95
ADD:
    NET INCOME-for year-as above . . . . . . . . . $2,616,202.03
DEDUCT:
    CASH DIVIDENDS PAID
        April 2, 1934-
        July 2, 1934
            25c per share . . . . . 298,838.75
        October I, 1934
            25c per share. . . . . . 298,838.75
            January I, 1935-
            25c per share. . . . . . 298,838.75
                            TOTAL DIVIDENDS PAID . . . $1,195,355.00
    SUNDRY SURPLUS CHARGES (Net). . . . 61,192.63 1,256.547.63
                    NET ADDITION TO SURPLUS
                        1,359,654.40
BALANCE-January 31, 1935
    $18.505,746.35
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# W. T. GRANT COMPANY <br> (A Delaware Corporation) <br> AND SUBSIDIARY COMPANIES 

## CONSOLIDATED BALANCE SHEET <br> January 31, 1935


W. T. GRANT COMPANY
COMPARATIVE CONSOLIDATED INCOME ACCOUNTS







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| :---: | AT END OF FISCAL YEAR (January 31 of Subsequent Calendar Year) ASSETS:

$$
\begin{aligned}
& \text { Cash } \\
& \text { Notes and Accounts Receivable }
\end{aligned}
$$

Cash Surrender Value-Life Insurance
Merchandise Inventories if incur
W. T. GRANT COMPANY
COMPARATIVE CONSOLIDATED BALANCE SHEETS

## TOTAL CURRENT ASSETS.

Misc. Inv.. Employees Acc. Rec., etc. (Net) Advances and Accounts with Property Owners
Land and Buildings, Depreciated. Land and Buildings, Depreciated.
Alterations and Improvements, Depreciated
Prepaid Rents, Taxes, Unexpired Ins., etc.
Accrued Accounts
Reserve for Federal Taxes (Est.)
total current liabilities


$\$ 554,592$
30.750
$1,134,271$
573,427 $\underset{\sim}{\text { 웅 }}$
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1934

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$\begin{array}{r}10,331,294 \\ 82,862 \\ \hline\end{array}$
 $\$ 34,574,973$

|  |
| :---: |
|  |  |



TOTAL LIABILITIES AND CAPITAL

## GRANT STORES



| NEW JERSEY (Cont.) | NEW YORK (Cont.) |
| :---: | :---: |
| Passaic <br> Paterson <br> Rahway <br> Riverside <br> Somerville <br> Trenton <br> Union City <br> Vineland <br> West New York | Poughkeepsie <br> Riverhead, L. I. <br> Rochester <br> Rockville Center, L.I. <br> Rome <br> Schenectady <br> Seneca Falls <br> Syracuse (2) <br> Tonawanda <br> Utica |
| NEW YORK | Watertown |
| Albany <br> Batavia Bath Bay Shore, L. I. Bayside, L. I. | Westfield <br> Wellsville <br> Woodhaven, L. I. <br> Yonkers |
| Beacon Binghamton | NORTH CAROLINA |
| Bronx (2) | Charlotte Concord |
| Brooklyn (2) Buffalo (7) | Elizabeth City |
| Canandaigua | Goldsboro |
| Corthage | Greensboro Greenville |
| Cotskill | Hickory |
| Corning | Kinston |
| Dansville Raleigh |  |
| Elmira | NORTH DAKOTA |
| Far Rockaway, L. I. Flushing, L. I. | Fargo |
| Freeport, L. I. Geneva | OHIO |
|  | Akron |
| Glens Folls | Barberton |
| Gouverneur | Bellaire Bellevue |
| Great Neck, L. I. | Cambridge |
| Hempstead, L. I. | Canton |
| Herkimer | Circleville |
| Hudson Falls | Conneaut |
| Huntington, L. I. | Dayton |
| llion | Delphos |
| Jamaica, L. I. | East Liverpool |
| Jamestown | Elyria |
| Johnstown | Kent |
| Kingston | Lima |
| Lackawanna | Mansfield |
| Lockport | Marion |
| Lynbrook, L. I. | New Philadelphia |
| Mechanicville | Newark |
| Medina | Norwalk |
| Middletown | Portsmouth |
| New York City (7) | Steubenville |
| New Rochelle | Toledo |
| Niagara Falls | Youngstown |
| Norwich | OKLAHOMA |
| Oneonta | Muskogee |
| Oyster Bay, L. I. | Oklahoma City |
| Patchogue, L. I. |  |
| Penn Yan Port Chester | Altoona |
| Port Jervis | Bangor |

## SOUTH CAROLINA

Charleston
Columbia
Florence
Greenville

## TENNESSEE

Bristol
Chattanooga
Memphis
Nashville

## TEXAS

Abilene
Beaumont
Brownsville
Corpus Christi
Dallas
El Paso
Fort Worth
Galveston
Houston
San Antonio
Waco
Wichita Falls
UTAH
Ogden
Salt Lake City
VERMONT
Bennington
Burlington
Newport
St. Johnsbury

## VIRGINIA

Charlottesville
Clifton Forge
Danville
Fredericksburg
Norfolk
Harrisonburg
Hopewell
Lynchbura
Newport News
Petersbura
Portsmouth
Richmond
Roanoke
WEST VIRGINIA
Elkins
Hinton
Huntington
Parkersbura
Weston

## WISCONSIN

Fond du Lac
Madison
Oshkosh
Sheboygan
W.T.GRANTCO.
$25450 ¢$ and $\$ 100$ Department Stores
Known For Values!

